

Farm Loan Associations

(LINCOLN NEWS SERVICE)
Washington.—The federal farm loan act provides a way of getting mortgage loans for farmers at low rates of interest, at lengths of time to suit the borrower and on easy terms of payment. Ten farmers, the least number the law allows, may unite to form a national farm loan association. If more than 10 get together so much the better states circular No. 2, issued by the federal farm loan bureau. The lowest sum any farmer can borrow is \$100; the highest is \$10,000. If a farmer has a mortgage on his farm and borrows money from the land bank his mortgage lien must be the first thing paid off with the money. If any surplus remains he can apply it for the purchase of live stock, the construction of a silo, the building of a barn, the erection of poultry houses or for any purpose which will improve the farm's value. But if a farmer has no mortgage on his farm and desires to borrow for improving it in any of way ways mentioned above, he can borrow money from the land bank of his district by giving a first mortgage on his farm. The mortgages may not run less than five years nor more than 40 years. This system of rural credit offers the Colored farmers a splendid opportunity to refinance their mortgage loans at a low rate of interest.

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**Colored Farm
Loan Association
Names Officers**

The Southern National Farm Loan Association, a Madison county institution for colored people, held its annual meeting several days ago and elected the following officers: Sam Pat Glenn, president; Jonas Gillespie, vice-president; J. E. Crimes, secretary-treasurer. There are 27 stockholders. The association declared a 7 per cent dividend and passed 1 per cent to the surplus. The association is working in harmony with the Farm Loan Association directed by the white people and is doing much for the advancement of the colored farmers of this county.

Getting Rid of "Time Prices" Slavery

The Final Fulfillment of Henry W. Grady's Dream and Prophecy

By CLARENCE POE

AS WE said some weeks ago, the agricultural South has had two forms of slavery. One was the chattel slavery which existed prior to 1865 and applied only to Negroes. The other has been the crop mortgage "time prices" slavery which has existed since 1865 and which has held millions of farmers, both white and black, in its shameful bondage.



CLARENCE POE

Destroying Manhood and Freedom

NO ONE ever realized the truth of this assertion more fully than did that clear-thinking, great-hearted, and silver-tongued Southerner, Henry W. Grady of Georgia, whose untimely death deprived the South of a certain eloquent leadership it has sorely lacked ever since. Growing up in daily touch with Southern rural conditions, Henry W. Grady realized that our vicious system of agricultural credit hung like a blight over the whole section. He was speaking from the depths of his heart and with profound concern for the shameful bondage which time-prices credit imposed on our rural population when he said in one of his most eloquent and most quoted paragraphs:

"When every farmer in the South shall eat bread from his own fields and meat from his own pasture, and disturbed by no creditor and enslaved by no debt, shall sit amid his teeming gardens and orchards and vineyards and dairies and barnyards, pitching his crops in his own wisdom and growing them in independence, making cotton his clean surplus, and selling it in his own time, and in his chosen market, and not at a master's bidding—getting his pay in cash and not in a receipted mortgage that discharges his debt, but does not restore his freedom—then shall be the breaking of the fullness of our day."

When Henry Grady wrote and uttered this memorable passage he was not thinking just about money for our Southern country folks. He was thinking about that, but he was also thinking about "restoring their freedom," as he expressed it. He saw what we tried to emphasize last week—namely, that "time prices" credit destroys manhood, breeds servility, and develops in its victim a slavish attitude which is a foe to all progress, enterprise, and good citizenship.

Why Time-prices, Crop-mortgage Slavery Is Passing

Few many important and significant reasons we believe that the era of crop-mortgage, time-prices, credit slavery in the South is now about over, and we believe that all agricultural leaders should now unite in a desperate effort to put it forever be-

hind us. Here are some of the reasons we have for the faith that is in us:—

Increasing Education.—A generation ago the vast majority of our rural Negroes and a vast proportion of our white folks also, were illiterate. Now everybody is being educated. The time prices evil fattened on ignorance. No man who can read and write and figure it out for himself that time prices mean paying interest as high as 70 per cent per annum while business men pay 7 per cent—no man with education enough to understand this situation will willingly submit to it.

Education of the Negro; Coming of the Boll Weevil.—Many Southern farmers were opposed to the education of the Negro but this has really been as great a godsend to white farmers as to the Negroes themselves. As long as the Negroes were grossly ignorant, they remained congested on Southern farms, content to grow cotton at prices so low as to mean nothing but cabins for houses, cornbread and fat meat for diet, and rags for clothes. With increasing intelligence, Negroes have found out where wages are high, and have learned to go after these high wages. This fact on one hand, together with the coming of the boll weevil on the other hand, has resulted in bringing about such a condition that we no longer grow an overproduction of cotton—and cotton prices have advanced accordingly.

Higher Prices for Cotton.—Higher prices for cotton have helped the situation in many ways. Most important of all, it has at last put the enterprising farmer in a position where he can really "live within his income." So long as cotton was 5 to 10 cents a pound, it was almost impossible to do this. The average man was almost forced to carry over debts from one year to another and stay in virtual bondage to the time merchant. Now almost any family that resolutely decides to get out of time-prices slavery can do so.

Boll Weevil Compels Diversification.—In connection with what we have just said about the boll weevil, it should be added that it has done much to compel diversification. Merchants have found it unsafe to furnish supplies to "one-crop" farmers under boll weevil conditions. Tenants instead of being encouraged to grow "all cotton" are being told to make their own supplies and diversify.

Demonstration Work and Agricultural Leadership.—In almost every great crisis, it seems that the Almighty raises up some great leader to meet the people's need. Just as the boll weevil started on its irresistible twenty-year march from the Rio Grande to the James, just at that time we found Dr. Seaman A. Knapp, who gave the South a type of agricultural leadership it had never known before. Just as there came the imperative necessity for revolutionizing our agricultural system, just then came the leadership for working out among the folks the exact and practical

plans needed for diversification and change. Now our people are learning not only to feed themselves and thus lessen crop-mortgage credit for supplies, but also how to grow and market other cash products besides cotton and tobacco. First the farm men were reached through farm demonstration agents; then the women through home demonstration agents; and now the boys and girls through club work and through vocational work in high schools.

The Increasing Number of Banks.—Another development which has done much to loosen the deadly grip of "time prices" is the rapid increase in the number of small banks all over the South. Just what this means has already been explained more than once on this page. In the old days when almost no banks were at hand to provide credit, the good farmers as well as the sorry ones paid "time prices." A landowner having \$10,000 worth of land, who should have been able to borrow \$5,000 or more at 6 to 8 per cent, would instead pay time prices and be charged at a rate equal to 20 to 60 per cent on \$1,000 worth of supplies. Nowadays, on the contrary, nearly every man who has land or is financially responsible borrows from banks at what is at least something like legal interest. The result is that, for the most part, only shiftless and irresponsible people are left to be "furnished" by time merchants. Consequently the risk of credit merchandising has increased. As the years go by, there will be less and less of it. *The financing of production is really a banking function and not a merchandising function and should be done by bankers, not merchants.* "Time prices" credit has meant reckless buying, shiftlessness, the one-crop system. Bank credit will recognize and encourage thrift, economy, character, enterprise and diversification.

Federal Land Banks.—The establishment of Federal Land Banks has crippled the crop-mortgage system because it has enabled thousands of farmers to switch their heavier debts to that long-term, easy-payment plan—thereby making it easier for them to handle their short-term credits.

Intermediate Credit Banks.—Another great blow to the "time-prices" credit system was struck when Congress, last year, established twelve "Intermediate Credit Banks," one being established in connection with each Federal Land Bank in America, these to work in cooperation with neighborhood organizations for cheaper production credits. By this new law, any group of farmers or bankers can come together, subscribe \$10,000 or more as stock in a local credit corporation, and then borrow from the Intermediate Credit Bank ten times the amount of their capital stock. Such loans are made only for farm production purposes, and run from six to nine months, with the privilege of renewal in extreme cases. Of course, only thoroughly good notes will be acceptable, but this plan will at least make money for crop-production purposes so easy that banks everywhere can supply the solvent farmer's legitimate needs without forcing him into the hands

of the time merchant.

Neighborhood Credit Unions.—These are virtually "farmers' coöperative banks" or mutual savings and loan associations, and should be organized all over the South. Just such little farmers' coöperative banks in Europe have delivered thousands of people from debt and hopelessness. Texas and North Carolina have made a start in this direction.

Laws to Limit Crop Lien Usury.—A start has also been made toward legislation limiting crop lien usury. North Carolina several years ago passed a law, which others should adopt, limiting crop lien time prices to 10 per cent above cash prices and requiring merchants to furnish customers with itemized statements at the time of each purchase.

Coöperative Marketing.—Last but not least we should mention coöperative marketing. Coöperative marketing helps in this matter (1) because by gradual and orderly marketing instead of reckless and disorganized "dumping," crop prices are held at higher levels, and (2) because by having payments come in all along through the year, more careful spending is encouraged than is the case under the dumping system when crop money comes in all at once and is spent all at once.

At the same time, let us remember that many of the agencies for relief that we have enumerated—banks, coöperative marketing, credit unions, local credit organizations to work with Intermediate Credit Banks—all these do not work by themselves. We must take advantage of the opportunities they offer. See whether your community is doing its duty in this respect. If not, your own neighborhood may still be punished for many years by a form of slavery which other Southern communities, thank God, are at last rapidly getting rid of.

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See Also: Agricultural Credits.